

Message Text

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14

ACTION AF-06

INFO OCT-01 ISO-00 DHA-02 CAB-02 CIAE-00 COME-00 DODE-00

NOTE-00 EB-07 INR-07 NSAE-00 FAA-00 PM-04 H-02 L-03

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FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 9418

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E.O.11652: N/A

TAGS: PFOR, EINV, ETRD, EAID, TZ

SUBJECT: NATIONALIZED PROPERTY OF AMCITS IN TANZANIA

REFS: A) DAR ES SALAAM 2779; B) STATE 200499 AND 168984

1. SUMMARY AND BACKGROUND: REF A PROVIDED STATUS REPORT ON OUT-
STANDING AMCIT CLAIMS AGAINST GOVERNMENT OF TANZANIA (GOT) FOR
COMPENSATION OF NATIONALIZED PROPERTY. SETTLEMENT WAS REACHED WITH
TWA HOUSE (SEE DAR 2943), BUT THERE HAS BEEN NO FURTHER PROGRESS
RE VON ZASTROW COFFEE ESTATE (TWO YEARS PENDING) OR STADLER/FORBES
HOUSES (THREE YEARS PENDING). IN VIEW CONTINUED UNCERTAINTY OF
SATISFACTORY AND TIMELY RESOLUTION VIA NORMAL GOT BUREAUCRATIC
PROCESS, DEPT MAY WISH CONSIDER OTHER STEPS TO ENCOURAGE
ACCEPTABLE SETTLEMENT. IN THIS REGARD, WE SUBMIT A PROPOSED
DIPLOMATIC NOTE FOR DEPT'S REVIEW AND ADVICE. NOTE WOULD EXPRESS
USG CONCERN AT SLOW GOT PACE IN RESOLVING CASES AND WOULD POINT
OUT OUR VARIOUS US LEGAL RESTRICTIONS ON TRADE AND AID RELATED TO
EXPROPRIATION. END SUMMARY.

2. MEET-

ING SCHEDULED FOR END OF AUGUST BETWEEN REPS OF FORMER
ESTATE OWNERS AND MIN FINANCE (REF A) DID NOT OCCUR DUE UN-
AVAILABILITY GOT REPS. MEETING NOW PROPOSED FOR MID-
SEPTEMBER. AFTER MONTHS OF NEGOTIATION, FORMER OWNERS AND
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GOT HAVE STILL NOT AGREED ON METHOD OF EVALUATING ESTATES.

THERE SPECULATION THAT GOT OFFICIALS, HAVING CONSIDERED OWNERS COMPLAINTS RE FIRST OFFER OF COMPENSATION, WILL PRESENT FINAL OFFERS AT HOPED-FOR SEPTEMBER MEETING. WE UNDERSTAND, HOWEVER, THAT QTE FINAL OFFERS UNQTE UNLIKELY BE SIGNIFICANT IMPROVEMENT OVER INITIAL ONES WHICH WERE TOTALLY UNSATISFACTORY TO FORMER OWNERS. (BESIDES VON ZASTROW, ANOTHER AMERICAN, CAPT. JAMES MAY, OWNS 27 PER CENT INTEREST IN A COFFEE ESTATE AWAITING COMPENSATION.)

3. EMBASSY CONCERNED THAT INADEQUATE FINAL OFFER COULD COMPLICATE FUTURE NEGOTIATIONS. EMBASSY HAS OVER PAST TWO YEARS MADE NUMEROUS ORAL REPRESENTATIONS AT VARIOUS LEVELS IN EFFORT ENCOURAGE REASONABLENESS IN GOT APPROACH TO COMPENSATION. ALTHOUGH NO GUARANTEE OF SUCCESS, THERE MAY BE SOME MERIT IN PRESSING AT THIS TIME IN MORE DIRECT MANNER. WE ALSO NOTE THAT VON ZASTROW, DESPERATELY IN NEED OF FUNDS AND FRUSTRATED AT LACK OF PROGRESS, TOLD EMBOFF THAT HE NOW PLANS TO SEEK RETRIBUTION THROUGH APPEAL TO CONGRESS TO CEASE USAID TO TANZANIA.

4. EMBASSY OFFERS FOLLOWING DRAFT DIPLOMATIC NOTE (UNNECESSARY WORDS OMITTED) FOR DEPT'S CONSIDERATION: QTEHONOR TO REFER TO EMBASSY'S NOTES NO. 043 OF APRIL 2, 1975 CONCERNING THE TRADE ACT OF 1974 AND NO. 199 OF NOVEMBER 29, 1973 CONCERNING NATIONALIZED COFFEE ESTATE OF MR. VON ZASTROW.

5. IT IS POLICY OF USG TO EXPECT THAT ITS CITIZENS WILL RECEIVE PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION FROM A COUNTRY WHICH EXPROPRIATES THEIR PROPERTY. THIS POLICY IS CONSISTENT WITH INTERNATIONAL LAW. USG NOTES THERE ARE OUTSTANDING CLAIMS FOR COMPENSATION BY AMERICAN CITIZENS FOR PROPERTY NATIONALIZED BY GOT. THESE CASES INCLUDE:

- A) NATIONALIZED COFFEE ESTATE AND BLOCKED BANK ACCOUNT OF MR. J. VON ZASTROW (PENDING FOR 2 YEARS)
- B) NATIONALIZED HOUSES OF STADLER AND FORBES (PENDING FOR 3 YEARS)
- C) NATIONALIZED COFFEE ESTATE OF WHICH CAPT. JAMES MAY WAS A MINORITY OWNER (PENDING TOR 2 YEARS).

6. THE USG ENCOURAGES THE GOT TO REACH A NEGOTIATED LIMITED OFFICIAL USE

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SETTLEMENT OF THESE PENDING CASES AS QUICKLY AS POSSIBLE IN ORDER TO ALLEVIATE THE PERSONAL HARDSHIP SUFFERED BY THESE INDIVIDUALS AND TO MEET INTERNATIONALLY RECOGNIZED OBLIGATIONS.

7. THE USG NOTES FURTHER THAT IN THE ABSENCE OF REASONABLE STEPS BY A COUNTRY TO PROVIDE PROMPT AND JUST COMPENSATION FOR EXPROPRIATED PROPERTY OF US CITIZENS, THE USG IS REQUIRED BY ITS LAWS TO EXAMINE AND, IN SOME CASES, TO WITHHOLD ECONOMIC

BENEFITS TO THAT COUNTRY. RELEVANT ASPECTS OF US LEGISLATION
IN THIS REGARD INCLUDE:

A) TRADE ACT OF 1974 WHICH PROVIDES FOR WITHHOLDING OF DESIGNA-
TION AS BENEFICIARY COUNTRY OF GENERALIZED SPECIAL PREFERENCE
FOR ITS EXPORTS TO US

B) HICKENLOOPER AMENDMENT WHICH CALLS FOR SUSPENSION OF US
BILATERAL ECONOMIC ASSISTANCE TO THE COUNTRY

C) GONZALES AMENDMENT WHICH REQUIRES US EXECUTIVE DIRECTORS TO
IBRD AND IDA TO VOTE AGAINST ANY LOANS WHICH WOULD BENEFIT
THE COUNTRY

8. EMBASSY RESPECTFULLY INVITES REPLY FROM MOFA ON FOREGOING.
EMBASSY AVAILS ITSELFUNQTE.

9. WOULD PARTICULARLY INVITE DEPT'S EXPANSION ON WORDING RE LEGISLA-
TION DISCUSSED PARA 7 ABOVE AND DEPT'S SUGGESTIONS FOR FURTHER
POINTS TO BE INCLUDED IN NOTE OR PRESENTED ORALLY. WOULD ALSO
APPRECIATE DEPT'S PROVIDING COPIES RELEVANT LEGISLATION WHICH WE
COULD PROVIDE GOT AND WHICH UNAVAILABLE HERE.
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